

**State of Rhode Island and Providence Plantations
Rhode Island State Pilotage Commission
Department of Environmental Management
235 Promenade Street
Providence, RI 02908**

**Approved Minutes of the Rhode Island State Pilotage Commission
Meeting**

235 Promenade Street, Providence, RI

Held on July 10, 2008

Members in attendance:

Michael Scanlon, Chair

Captain J. Peter Fritz, Member

Captain E. Howard McVay, Jr., Member

Larry Mouradjian, Member

Others in attendance:

Gary Powers, Legal Counsel to the Commission

Hank Nelson, Goff & Page Co.

Tom Sullivan-Moran Shipping

Paul Costabile, NE Pilots

**Quorum being present, the Chair called the Meeting to order at
approximately**

9:30 a.m.

The Minutes of the June 5, 2008 meeting were approved by assent.

Old Business:

Apprentice Up Date

1. Commissioner McVay updated the Commission on the following apprentice pilots:

a. Sean Bogus is proceeding nicely.

b. Alex Soukanou needs two outbound Davisville trips; he then will be sitting for his federal pilotage and the state pilot board exam. Once Capt. Soukanou sits for the exam he will begin his apprentice training in Narragansett Bay.

c. Captain Michael Ball will be retiring in December. He intends to keep his license active and will be available for occasional trips.

2. Chairman Scanlon received a memorandum from New York Pilot board that the pilot station in Block Island Sound will remain the same.

3. Commissioner McVay has a meeting scheduled with the Attorney General's office to discuss the proposal of a bill to provide legal representation to the pilots. In advance of legislation Commissioner McVay suggests the Commission determine at what point of time the state should ban a vessel due to deficiencies.

Rate Structure

1. Captain Paul Costabile of Northeast Pilots presented a comparison of pilotage fee calculations from several ports using as an example the car carrier vessel Nobel Ace. This comparison shows that Rhode

Island is at the bottom of the fee structure.

2. Agent Tom Sullivan of Moran Shipping presented a comparison of pilotage fees for Boston, Davisville, New York and Baltimore for the vessel Aphrodite Leader showing Boston docking fees much less than Davisville.

3. Correspondence from Mike Miranda President of Norad expressed concerns that a rate increase would discourage vessels to Davisville.

4. The issue is that each port has different rate structures, which makes it difficult to compare ports.

5. Agent Hank Nelson of Goff & Page Co. stated that the cruise ships take anchorage in Newport compared to New London where they take a regular dock. Nothing is the same in any port except that everyone is competing for the same business.

6. Captain Paul Costabile of Northeast Pilots stated the main competitors are New York and Baltimore. Baltimore's rates are nearly double of Rhode Island and New York is 17% higher.

7. Chairman Scanlon advised the Commission that Northeast Pilots have been talking to Davisville in regards to some type of discount for car carriers. The concern is will there be a problem if no discount is offered to coal and petroleum carriers going into Providence. Chairman Scanlon would like to look at distances to justify a discount. Commissioner McVay stated that the cost to get a pilot aboard a ship is 57% of the cost. Captain Costabile advised that if the Commission is to offer an incentive it must be offered to all. Baltimore offers a discount on the volume of ships brought into port. Baltimore offers the discount after a year based on the volume of the

prior year then the discount is offered for the following year. Northeast Pilots would rather have a discount based on volume, therefore, if it goes below the volume for discount the cost goes up.

8. Captain Paul Costabile met with the Board of Governors of Pilots and suggested to the board that, as an example, with the car carriers, that if there were 80 car carriers in 2007 and 90 in 2008 that those additional 10 vessels in 2008 would receive a 5% lower fee for the remaining year. The next year if it increases from the previous year a lower fee would be applied, hopefully, growing the amount of ships coming in. It would help whatever vessels are coming in whether cruise ships, car carriers, coal carriers, and coming into Davisville, Providence, or Newport.

9. Chairman Scanlon stated the state receives a percentage of the pilotage fees and whatever the Commission decides it must be done by regulation. The rates are set by regulation and cannot be changed without changing the regulation.

10. Commissioner Mouradjian posed the question of what prevents the Commission from considering cargo type as a rate qualification. Attorney Powers stated he did not believe the Commission is precluded from that type of approach in a particular type of vessel or product being favored or disfavored from the rate structure. Commissioner Mouradjian asked if there are types of vessels the Commission would like to see increase and others types that they would prefer not to increase. Attorney Powers stated that for certain vessels there are more costs than others and the rate can be reasonably reflected between the two. Also, the same can be said for

the destination fee such as between Davisville or Providence. Commissioner Mouradjian stated that there should be some consideration to address this issue now and present it at the public hearing. It was requested that Northeast Pilots meet with Mike Miranda of NORAD to come up with a policy for a rate restructure for car ships before the next public hearing.

11. Commissioner Mouradjian recommended making the increase effective January 1, 2009 which gives time to see if volume increases.

12. Commissioner Fritz rescinded his motion that was tabled at the May 8, 2008 public hearing. Commissioner Fritz made the motion to extend the current rate structure to the end of this year 12/31/08 to give enough time to evaluate the situation at Davisville. Effective January 1, 2009 time introduce a 4% rate increase the 1st year, 3% rate increase 2nd year and 3% rate increase 3rd year and reduce the passenger discount rate from 25% to 10%. Commissioner Mouradjian express concern going past the 4% rate increase for the first year not knowing what the 3% for the next two years would affect any negotiations. After discussion Commissioner Fritz accepted the friendly amendment to his motion to extend the current rate structure to the end of the year and the passenger discount will remain the same and a 4% rate increase for 1 year. Commissioner McVay seconded the amended motion and the motion was passed unanimously.

13. Chairman Scanlon requested that the results of the vote be published as soon as possible so that the regulation will be in place as of January 1st. In the interim will continue to look at the criteria of eligibility to make it equitable to all.

New Business

1. Commissioner McVay reported on the last voyage of the Gdansk. It required a tractor tug to bring in to anchorage from the anchorage up to Sandy Point a tractor tug and before going to the Mount Hope Bridge a second tractor tug is required and use that tractor tug for docking. Commissioner McVay sailed the vessel and it lost the plant twice going down Mount Hope Bay. It was reported to the Coast Guard which found that the duty engineer had sat on the fuel valve and closed off the fuel. Chairman Scanlon would like a list of dates of problems and Chairman will send a letter on the behalf of the pilot commission to Capt. Perry of the Coast Guard listing the concerns regarding the Gdansk.

16. Commissioner Mouradjian moved and Commissioner McVay seconded the motion to adjourn. Said motion was passed unanimously at approximately 10:45 am.

NEXT SCHEDULED MEETING

The Commission plans to hold its next regularly scheduled meeting in the Conference Room of the Division of Law Enforcement at DEM Headquarters located at 235 Promenade Street, Providence, RI on September 11, 2008 starting at 9:30 a.m.

Respectfully submitted,

Virginia MacCoy, Secretary